

SMALL PURCHASES

If the purchasing agent expects the purchase to be less than \$50,000, the purchasing agent may make a purchase under small purchase policies established by the purchasing agency or under the rule adopted by the governmental body. (IC 5-22-8-2)

In establishing your purchasing policy consider the following:

Authorization:

- Will purchases be made by each department or handled by one purchasing agent for the unit?
- What approvals are necessary for certain dollar amounts or types of purchases?
- How are approvals documented?
- Are certain types of purchases prohibited or restricted?
 - o Purchases for personal use
 - o Electronics purchases/Computer hardware or software
 - o Certain vendors
 - o Equipment or tools
- Do we have a policy for emergency purchases?
- When are employees authorized to make purchases and be reimbursed?

Controls:

- Do we have procedures for determining the most cost effective purchase?
 - o Quotes, including how quotes are documented
 - o Local business preferences
 - o Justification for any procurement procedures outside of established policy
 - o Other factors such as sole source or emergency purchase?
- Is there a procedure to ensure sufficient appropriation for small purchases?
 - o Purchase order or requisition process
- How will we determine if the purchase is necessary or that the quantity purchased is justified?
- What procedures exist to document goods were received and put into service?
- Is there sufficient documentation to support the purchase and need for purchase?
- Is there segregation of duties between the requisition/receipt of purchase and the payment of the invoice?

Risk

- What are the consequences for not following the policy?
 - o Items purchased for personal use or personal gain

- What is our policy on rebates?
 - o Request credit on invoice or check if possible.
 - o Do we have a policy if rebate cards are issued?
- Do we have a process to monitor purchases so that departments are not exceeding their needs or causing cash flow issues?

Accountability

- Was purchase posted to capital asset ledger for any purchases above the capitalization threshold?
- Do we have physical inventory procedures and schedules for both capital assets and small equipment inventory?
- Is there an inventory control over purchases above a certain threshold but below the capitalization threshold to track these small purchases
 - o Computers, laptops, iPad's
 - o Cameras, copiers
 - o Small pieces of equipment, tools